

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: NATURAL GAS AND ELECTRIC MASTER METERING	DOCKET NO. NOI-01-2
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ORDER INITIATING INQUIRY

(Issued November 20, 2001)

The Utilities Board (Board) on September 5, 2000, issued an "Order Terminating Rule Making Proceeding" in Docket No. RMU-00-4, terminating the proposed adoption of new paragraphs 199 IAC 19.3(1)"b" and "c" and 20.3(1)"b" and "c" with regard to master metering of multi-occupancy premises. The Board stated in the order that issues raised by comments would need to be addressed extensively before another rule making is proposed. The Board is opening this inquiry to receive input from representatives of all persons who might be affected by changes to the current rules.

The Board's predecessor, the Iowa State Commerce Commission, first adopted rules on October 4, 1978, requiring individual meter measurement for both natural gas and electric service, in Docket No. RMU-78-7. The Board stated in the order that it was adopting the limitations on master metering to control energy usage and encourage conservation. The Board also stated the rules provided "appropriate exemptions" to the general limitation. The Board stated finally that enforcement of

the rules was the responsibility of the utilities and utilities were only expected to allow master metering in those situations where an exemption clearly applied.

Subsequent to the adoption of rules regarding master metering, Congress passed the "Public Utility Regulatory Policies Act of 1978" (PURPA) that established requirements for electric master metering. The rules the Board adopted concerning electric utility master metering were consistent with the policy established in PURPA. Even though the rules adopted in Docket No. RMU-78-7 have been modified somewhat over the years, they continue to meet the PURPA requirement on electric utility master metering. The current rules for electric and natural gas service are set out below:

19.3(1)"b" All gas delivered to multioccupancy premises where units are separately rented or owned shall be sold by a utility on the basis of individual meter measurement for each unit except for that gas used in centralized heating, cooling or water-heating systems, where individual metering is impractical, where a facility is designated for elderly or handicapped persons and utility costs constitute part of the operating cost and are not apportioned to individual tenants, or where submetering or resale of service was permitted prior to 1966.

"c" This rule shall not be construed to prohibit any utility from requiring more extensive individual metering than otherwise required by this rule if pursuant to tariffs filed with and approved by the board.

20.3(1)"b" All electricity delivered to multi-occupancy premises where units are separately rented or owned shall be sold by a utility on the basis of individual meter measurement for each unit except for electricity used in centralized heating, cooling and water-heating systems, where individual metering is impractical, where a facility is designated for elderly or handicapped persons and utility costs constitute part of the operating cost and are not

apportioned to individual tenants, or where submetering or resale of service was permitted prior to 1966.

"c" This rule shall not be construed to prohibit any utility from requiring more extensive individual metering than otherwise required by this rule if pursuant to tariffs filed with and approved by the board.

In considering whether to modify the current rules, the Board must ensure the rules for electric service reflect the requirements of PURPA, or that one of the following conditions is satisfied: (a) Continued application of such standard is no longer appropriate to carry out the purposes of PURPA, (b) continued application of the master metering standard is otherwise inappropriate, or (c) the PURPA master metering standard is inconsistent with otherwise applicable state law. The Board, historically, has determined that natural gas service should be subject to the same requirements as electric service and so, under that principle, changes to the electric rules would be reflected in the natural gas rules.

The principal purpose of the master metering rules, and one of the purposes of PURPA, is the requirement for separate unit-by-unit metering of multi-occupancy buildings to encourage conservation of energy. The general proposition is that individual metering sends price signals to the individual customer that increased usage will result in increased costs. PURPA provides an exception to this requirement similar to the exemptions provided by the Board. PURPA's exception allows master metering where "the long-run benefits to the electric consumers in such building exceed the costs of purchasing and installing separate meters in such building."

The Board in Docket No. RMU-00-4 attempted to modify its rules to meet the changing environment of multi-occupancy premises. The Board found though that it needed additional information concerning the limitations on master metering in multi-occupancy premises and whether these limitations should be modified. The Board has set out a list of questions below for interested persons to address. The list is not intended to be exclusive, but will form the initial framework for the inquiry. The Board is appointing William Adams as inquiry manager and J. Wesley Bridgeman as his alternate. The inquiry manager will be responsible for summarizing responses and facilitating any workshops or other activity determined to be necessary. The Board expects this inquiry to result in recommendations concerning clarification and possible amendments to the master metering rules cited above. The Board expects that this collaborative approach will produce the best information for recommendations concerning the rules.

INITIAL QUESTIONS

Interested persons should provide responses to the initial set of questions below. Interested persons may also raise any additional issues they believe need to be considered in this inquiry. Once the Board has reviewed the initial responses, it will determine if additional questions need to be addressed and in what format. The initial questions are:

1. Whether the Board's current rules on master metering adequately address the need of the various affected persons.

2. Whether the Board's current rules on master metering needs clarification, and if so, any suggested clarifications.

3. Whether the requirements in PURPA regarding master metering are still legally applicable and still appropriate, and whether current rules adequately reflect the language in Title 1, Section 115(d)(3) which allows master metering when, "With respect to such portion of electric energy used in such unit, the long-run benefits [of master metering] to the electric consumers in such building exceed the costs of purchasing and installing separate meters in such building."

4. If the requirements for individual metering in PURPA are rescinded, should the Board's rules be amended or eliminated?

5. Describe any problems experienced in application of current rules, and address specifically if the enforcement of the rule has been a problem.

6. Describe your understanding of the Board's current standard for resale of electricity and natural gas and recommend any modifications to that standard.

7. How can natural gas and electric consumers best be protected from landlords, who (1) profiteer in their resale of these products and/or (2) inappropriately allocate the costs of these products.

8. Address whether underground piping beyond the meter should be allowed for master metering of multi-occupancy premises or multi-building complexes. If the underground piping is allowed, discuss how to assure that the party installing and maintaining outdoor underground piping meets the requirements

of federal pipeline safety regulations and discuss how to ensure access by Board staff to complete federally required inspections of the underground piping.

9. Any other matters that the Board may need to address in this inquiry.

COMMUNICATIONS

All persons interested in participating in this notice of inquiry shall send by electronic mail or in written form, a confirmation of their intent to participate to the inquiry manager by December 3, 2001. Notice of participation shall include the following, if available: name of the participant/organization, contact person, mailing address, phone number, facsimile number, and electronic mail address. If more than one person from any entity is planning to participate, the confirmation shall include the names of all participants, but designate a single contact person. As soon as possible after December 3, 2001, all participants who sent a confirmation will be provided a copy of the service list. Updated lists will be available by contacting the inquiry manager at (515) 281-5541, or Bill.Adams@iub.state.ia.us, or Wes.Bridgeman@iub.state.ia.us, (515) 281-3491.

On or before December 31, 2001, all interested persons shall file responses to the questions contained in this order. All responses shall be filed as follows: 1) An original and one written copy, filed with the Board's Executive Secretary, 2) one copy, via electronic mail or written copy, to the inquiry manager, and 3) one copy, via e-mail or written copy, to each participant on the service list, including the Consumer Advocate Division of the Department of Justice. All other communications regarding this inquiry are to be directed to the inquiry manager:

William Adams
Iowa Utilities Board
350 Maple Street
Des Moines, Iowa 50319-0069
Telephone: (515) 281-5541
Facsimile: (515) 281-5329
E-mail: Bill.Adams@iub.state.ia.us, or Wes.Bridgeman@iub.state.ia.us

After receipt of the comments, the inquiry manager will make a recommendation to the Board concerning any additional procedures to complete the inquiry. Work sessions may be scheduled or additional comments on specific questions may be solicited. Those persons who have been placed on the service list will be notified of any subsequent procedures established.

ORDERING CLAUSE

IT IS THEREFORE ORDERED:

An inquiry, identified as Docket No. NOI-01-2 is initiated concerning master metering of electric and natural gas service.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

Dated at Des Moines, Iowa, this 20th day of November, 2001.